about psychology. I had just started to realize that there was no certainty in the market when two things happened. I read a book by Peter Steidlmayer on Market Profile. Pete's approach was to apply the statistical model to the market on the basis that what works in business, works in the market. It was the first time I actually heard that and it made a great deal of sense. The second thing was he taught me to think in principles rather than in tools alone.

One of the things Pete talked about was initiating price activity: market conditions outside the norm that generate demand. For example, you are driving a car in the middle of the night and you are running out of petrol. You know there is only one petrol station open and he is going to charge you 20% more than normal. You pay because if you don't, you are not going to get home. That is initiating activity. When you trade and the market is moving in one direction, you just follow it because the market is going to get you out of trouble. But initiating activity is not the norm - just as being caught without petrol in the middle of the night is not a normal event. What's normal is to buy on dips and sell on rallies – Pete called that responsive trading.

Pete defines a condition in the market that he calls an ordinary situation. In that condition the lower the price, the better the value. But this is only true under normal conditions i.e. in a rotational market. In a market that is moving directionally, you need to hop on board, as the dip won't come. Now, I have a predisposition to buy dips and sell rallies. I don't like breakouts and since the directional, one-time frame markets are the exception rather than the rule, I am usually trading in my comfort zone.

Pete's idea echoes Warren Buffett's approach.

Warren Buffet says the lower the price the better the value - provided the company meets certain investment criteria. This is opposite to breakout systems used by futures traders. With breakout systems, you want price to go up before you buy, contrary to Buffet who wants price to come down before buying.

From Pete, I moved onto Richard Wyckoff's work. I then went back looking for crystal balls, going back to initial roots, the Elliott Wave, and had another look at Gann; but I couldn't and can't make Gann work for me. I slowly redefined Elliott in so many different ways that I now call my ideas the Ray Wave. It is Elliott based and my way of looking at the market. Essentially Elliott was right, the market moves in waves but I don't think you can define a trend or a correction by looking for 5-wave or 3-wave structures. I think a normal market move is 3 waves. It can go to 5 but need not. You can have an uptrend with simple or complex 3-wave structures. I have defined an objective way to classify wave structures and to define when a market is likely to be a 3-wave structure or 5- wave structure.

**CP: Was it easy going from being a lawyer to a full-time trader?**

RB: It actually was for two reasons. One, I wasn't a very happy lawyer, though I had a reasonable practice and made a good living out of it. I am probably a better lawyer now because of the trading. Trading has taught me how to think and to look at life in a certain way, with probabilities. For me, lawyers tend to look at life as being either right or wrong. Life is not like that. Life isn't black and white; it is full of grey areas and that is what trading has taught me.

The other and more important reason, is my wife's support, then and now.

**CP: Does the training as a lawyer hinder you as a trader?**

RB: I think so. Lawyers, accountants, doctors and engineers are the four worst professions for trading. I don't know much about engineers but I have students from the other professions. Lawyers and accountants look for mathematical certainty. That is why when I first started, I went to Gann. Nowadays, I don't believe in mathematical certainty but in probabilities. Lawyers don't think like that. They will never say that you have a 100% chance of winning a case but in their minds, they very seldom think they can lose.

Doctors suffer from what I call "God syndrome". They are very intelligent - the doctors I have taught certainly got through the theory very easily and very quickly. But as soon as they started trading, they had face the reality that they could be wrong and could lose money – and most couldn't cope with this. You may say that this failure ruined their chance of becoming successful traders. Of my nine students who are doctors, only two graduated - as a group, doctors have the worst graduation record.

**CP: Do you backtest your plans?**

RB: I didn't when I started but I do now. One of my brothers does all the testing for me. Our testing is a little different to the norm. He tests to see whether it will improve my trading plan and whether the results are random or better than random. He does this in many ways. One way is by looking at the context of the trade. Example, when I see two consecutive months of expanding bars and a narrow range bar in the third month, I will only sell if the trend is down. If it the trend is up, I will skip the trade. Hence my brother will first define the trend and then see if the setup will add to the bottom line, given my trading plan.

Next we will test the setup by trading one contract for about 20 trades to make sure that it works for me before incorporating it as part of my plan.

**CP: How about money management?**

RB: It is very simple. It is basically two things - risk size and bet size. Risk size is the percentage risk in a given trade relative to my capital and as well as the total percentage risk of all my trades at any one time. Bet size is how many contracts I am going to take for a particular trade. Of course the two concepts are related but they are also two separate issues. If for this particular trade, given a certain set of conditions, I should be aggressive, I might double the normal number of contracts. This is what Pete taught me: you have a normal size, an aggressive size, and a conservative size. I usually don't trade the conservative size because it means it is not a great trade. I give it a miss unless the risk reward is astronomically good because the stop is very tight and the potential reward is huge. I tend to trade the normal and aggressive size.

**CP: How do you determine when it is going to be conservative, normal or aggressive?**

RB: I look at my trading plan and at the market trend. After knowing where the trend is, I have what I call the low risk entry, i.e. I look for an area of support, if I am buying. I then look for the setup - the chart pattern that says the zone will hold and finally a trigger - the market has to do certain things for me to take the trade. I call my setup